Annual Report for the Private Activity Bond Council by the Advisory Committee on Housing

September 2023

Introduction

This report, compiled for the Private Activity Bond Council per NRS 319, summarizes the current status of the Nevada housing market, including home prices, rent trends, and prevailing economic trends. Further, the report addresses community needs for housing affecting segments of Nevada's low-income population. Finally, Housing Goals for the Nevada Housing Division relative to the state's private activity bond cap are presented.

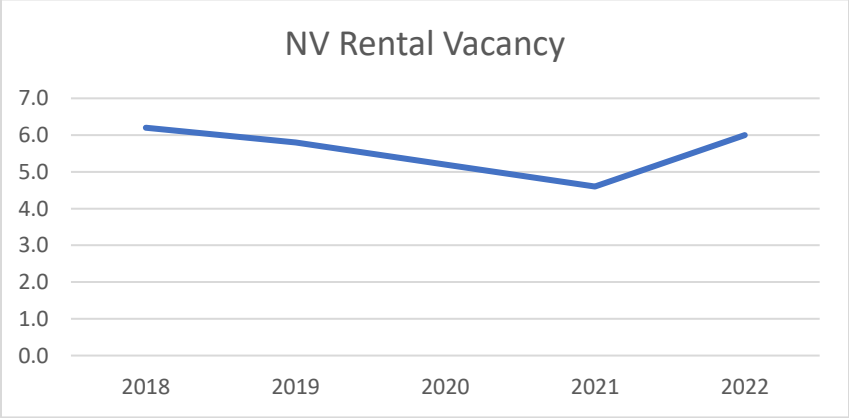
Housing Trends

Since 2000, median rents in Nevada have gone up by 65.7 percent[1], despite median income in the State only increasing by 58.1 percent[2].

Decades of Rent in Nevada

Year	Median Gross Rent	Rent Adjusted to 2022 US$
1940	$26	$374
1950	$47	$540
1960	$91	$802
1970	$141	$1,035
1980	$310	$1,308
1990	$509	$1,256
2000	$699	$1,299
2020	$1,159	$1,238
2021	$1,311	$1,370

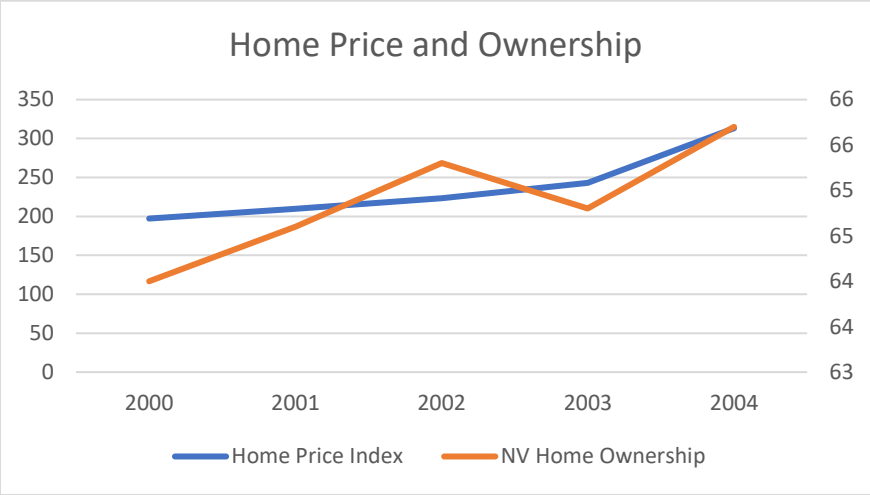
The rental vacancy rate has declined by 31.3 percent over the last five years, precipitating an increase in rental and leasing income of 38.7 percent.



[1] HUD - Fair Market Rents (40th PERCENTILE RENTS) | HUD USER

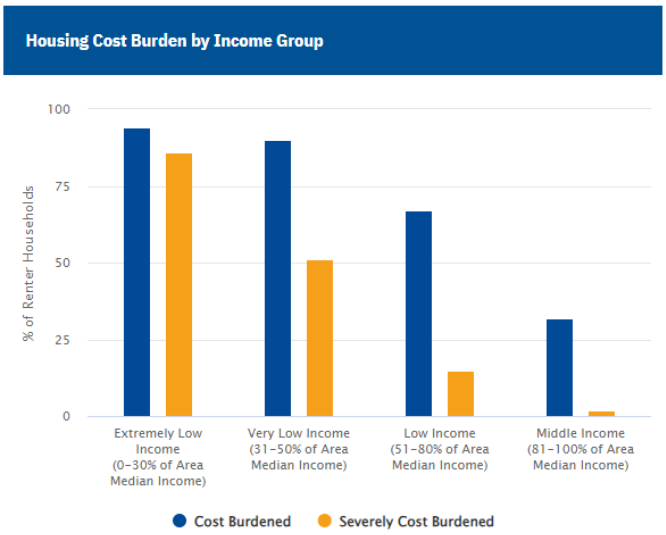
[2] Census - Income (census.gov)

Turning to ownership, the FHFA Home Price Index for Nevada has increased 47.3 percent since 2017, with homeownership rates increasing ten percent over the same time period. Between the rental and ownership markets, this has tightened the housing market as a whole, especially for those Nevadans who are below their respective areas' median incomes.

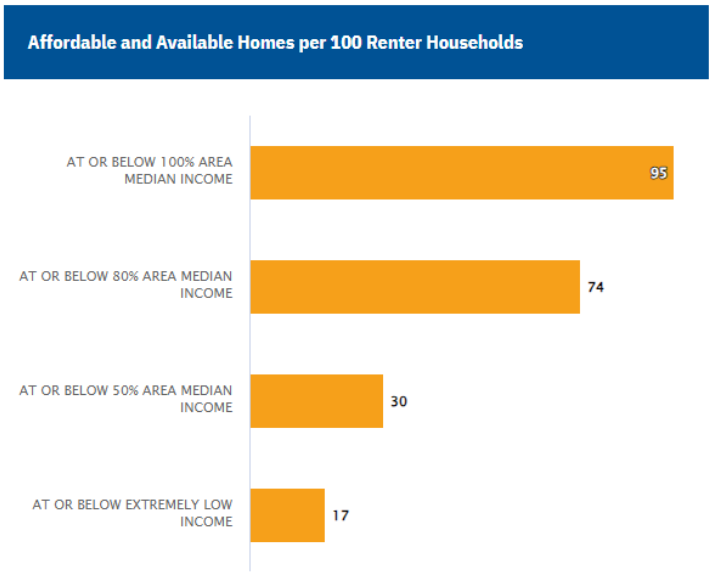


Community Needs

When we consider the needs of the low-income population in Nevada, the disparity of rents and income becomes exacerbated. According to 2021 data from the American Community Survey, of the 485,900 households in Nevada, 101,400 fall into the category of Extremely Low Income, defined by income less than or equal to 30 percent of the Area Median Income. A further 68,900 households fall into the Very Low-Income category, 31 percent to 50 percent of Area Median Income. For those households who fall into the Extremely Low-Income category, 86 percent are defined as Severely Cost Burdened, spending more than half of their income on housing. For Very Low-Income households, 52 percent are Severely Cost Burdened.



According to the Gap Report for Nevada, produced by the National Low Income Housing Coalition[3], there is a deficit of 84,000 affordable and available units in the State for extremely low income households. When deflated to a "per 100 renter households" metric, there are only 17 affordable and available units per 100 extremely low income households in Nevada. For the combined groups of extremely low-income and very low-income households, there are 30 affordable and available units per 100 households.



[3] https://nlihc.org/gap/state/nv

Housing Goals Relative to Volume Cap

SINGLE FAMILY

Tax Exempt bond financing in Nevada through the Nevada Housing Division supports both single family homeownership programs and multifamily rental new development and rehabilitation programs. These bond programs are guided by the Internal Revenue Code. Snapshots of the past 4 years of activity, both actual and projected, of both single family and multifamily are below.

NHD Single Family Bond Program: Since 2019, NHD has issued $561 million in long-term bonds. With those funds, NHD has purchased 1,844 loans totaling just over $500 million. This table reflects an active 2023 and we anticipate spending the remaining $60 million in long-term bonds by early 2024. This table does not show how the Division pivoted in its most recent bond issuance and blended approximately $75 million of taxable bonds with $15 million of tax-exempt bonds. This helped the Division preserve tax exempt bond cap; however, it was only possible because of the Home Means Nevada Initiative funds.

Considering the current cost of financing and inflationary pressures facing would-be homebuyers, the Division feels that it is critical to access tax exempt financing to support a robust homeownership program for Nevadans.

NHD Summary of Single Family Bonds, MBS & DPA Loans

2019-September 2023

Calendar Year	Long-Term Bonds	HIP & HF Loans Purchased	1st Lien Loans Purchased	HIP DPA Loans Purchased	Total MRB Loans Purchased
2019	125,000,000	446	96,430,539	3,857,222	108,204,067
2020	26,284,178	178	38,230,213	1,529,209	43,879,314
2021	104,250,000	261	65,305,829	2,311,033	62,605,979
2022	86,680,000	479	132,294,291	4,925,942	149,592,568
2023	219,330,000	480	134,374,392	3,033,913	137,239,528
Total	**561,544,178**	**1,844**	**466,635,264**	**15,657,319**	**501,521,456**

MULTIFAMILY

The Multifamily Bond Program has seen robust activity since 2019 with a significant commitment of the state's tax exempt bonds to affordable housing multifamily development and preservation per the table below. The state has designated over $1.1 billion in tax-exempt bonds for multifamily. Including projects that have been approved by Board of Finance and anticipated projects, the Division will utilize all carryover from 2021 and 2022 and will still have an outstanding need of nearly $83 million in volume cap.

Although the commitment by Nevada in recent years has been impactful, there is still a great need for affordable rental housing. Given the economic conditions, the Division is looking to continue to support the financing of affordable housing utilizing private activity bonds, especially with the additional leverage of 4% low income housing tax credits that are triggered by the presence of the tax exempt bonds.

NHD Summary of Multifamily Bonds

	Total Projects	Total Units	Bond Cap Allocated	Carry Over
2019	11	2245	$ 264,186,172	
2020	10	1623	$ 259,694,237	
2021	6	1012	$ 222,154,526	$ 53,619,589.10
2022	0	0	$ -	$ 314,432,225.84
Totals	**27**	**4880**	**$ 746,034,935**	**$ 368,051,814.94**

Available Multifamily Bond Cap	**$ 368,051,814.94**

Projected Need To-Date	Total Projects	Total Units	Bond Cap (Approved and Forecasted)
Approved at Board of Finance (1 reversion)	7	1133	$ 165,500,000
HMNI Projects Pending and Anticipated Bond Cap	9	1090	$ 202,925,000
Additional Projects	1	180	$ 40,000,000
Pending October Board of Finance Approval	2	138	$ 43,200,000
Totals	**19**	**2541**	**$ 451,625,000**

Anticipated Bond Cap Still Needed	**$ 83,573,185.06**